

Message Text

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ACTION EB-07

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E.O. 1652: N/A
TAGS: BEXP, CA
SUBJECT: POST RECOMMENDATION TO CANCEL PROPOSED METALWORKING EQUIPMENT

CATALOG SHOW

REF: 76 STATE 297237; 77 TORONTO A-2

1. WHILE NOT UNALTERABLY OPPOSED TO A CATALOG SHOW AT THE CANADIAN PRODUCTION SHOW MAY 16-20, THE POST IS AT BEST ONLY LUKEWARMLY IN FAVOR AND RECOMMENDS THAT THE SHOW BE CANCELLED. FACTORS CONSIDERED INCLUDE (A) CANADIAN ECONOMIC OUTLOOK; (B) SHOW COMPOSITION AND TARGET AUDIENCE; (C) U.S. MARKET POSITION; AND (D) POST WORKLOAD AND ORDER OF PRIORITIES.

2. CANADIAN ECONOMIC OUTLOOK: CONFERENCE BOARD OF CANADA FORECASTS REAL GROWTH OF THE ECONOMY AT 3PERCENT IN 1977, COMPARED TO 5 PERCENT IN 1976. BUSINESS INVESTMENT IS EXPECTED TO DECLINE 2.5 PERCENT THIS YEAR, COMPARED TO 1.5 PERCENT LAST YEAR. ONTARIO GOVERNMENT INDUSTRY EXPERT SAYS MACHINE TOOL INDUSTRY "RETRENCHING". INDUSTRY SOURCE IDENTIFIED BY BDC SAYS SALES PROSPECTS BEST IN WESTERN CANADA, BUT IN ONTARIO AND QUEBEC ORDERS ARE BEING CANCELLED
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OR DEFERRED.

3. SHOW COMPOSITION AND TARGET AUDIENCE: IN OUR ESTIMATION- CONFIRMED BY INDUSTRY SOURCES - CATALOG SHOW FORMAT IN CANADA WOULD BE USEFUL ONLY FOR INTRODUCTION OF NEW LINES TO LOCAL AGENTS/DISTRIBUTORS. END-USER PURCHASING DECISIONS NOT MADE ON BASIS OF CATALOGS ACCORDING TO ONE WELL-REGARDED DISTRIBUTOR WHO

FOR TWO YEARS HAS UNSUCCESSFULLY TRIED TO INTRODUCE A NEW IMPORTED LINE WITHOUT AN ACTUAL MACHINE TO DEMONSTRATE ITS PRODUCTIVITY ADVANTAGES, HENCE, COMPOSITION OF SHOW SHOULD PREFERABLY BE 100 PERCENT NTE/NTM, AND TARGET AUDIENCE WOULD BE AGENTS AND DISTRIBUTORS WHO REPRESENTED ONLY 6.5 PERCENT OF ATTENDANCE AT PREVIOUS PRODUCTION SHOW. BLUE RIBBON AUDIENCE CONSISTS OF THE 31 MEMBERS OF MACHINE TOOL DISTRIBUTORS ASSOCIATION WHO ACCOUNT FOR AN ESTIMATED 85 PERCENT OF IMPORTS.

4. U.S. MARKET POSITION: U.S. ACCOUNTS FOR 69 PERCENT OF TOTAL IMPORTS AND 53 PERCENT OF TOTAL APPARENT CONSUMPTION. PERENNIALY HIGH CANADIAN ATTENDANCE AT CHICAGO INTERNATIONAL MACHINE TOOL SHOW KEEPS CANADIAN MARKET WELL INFORMED OF INDUSTRY DEVELOPMENTS IN U.S.

5. POST WORKLOAD AND PRIORITIES: POST LOSING ONE OF THREE E/C POSITIONS IN MARCH, HENCE, ALL POST CCP COMMITMENTS MUST BE CARRIED OUT WITH ONLY 2/3 OF ANTICIPATED PERSONNEL RESOURCES. POST - AND EMBASSY - PLACE HIGHEST CCP PRIORITY ON EXPERIMENTAL REGIONAL PROMOTION PROGRAM, AND WITHIN OUR RESOURCE CONSTRAINTS WE WOULD PREFER A PROMOTIONAL ACTIVITY ON A SMALLER SCALE DIRECTLY INVOLVING THE THREE DISTRICT OFFICES COOPERATING IN THE PROGRAM.

6. WHILE THIS POST CONTINUES TO ENDORSE THE CONCEPT OF PROMOTIONAL EVENTS IN CANADA, WE FEEL THAT IN THIS PARTICULAR INSTANCE DOC COULD GET A BIGGER BANG FOR ITS BUCK ELSEWHERE. DIGGINS

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